



Business Summit of the West Western Business Roundtable

Tuesday, January 5, 2010
Remarks by Gov. Jan Brewer

Thank you, David, and thanks to the Western Business Roundtable, the Arizona Chamber, the Arizona Investment Council and the NextGen Energy Council for sponsoring this event.

Let me welcome all of you to the Great State of Arizona – especially those of you who may have left cold and ice and snow behind to be here today.

Now, I never try to intentionally disparage the states of my fellow Governors. Especially since the Governor of Montana, Brian Schweitzer, and his lovely wife, Nancy, are at the conference today.

But for those of you who traveled south to be here ... including those of you from Montana ... don't you think Arizona represents a welcome "climate change," if even for a few days?

And to those of you who are looking for places to expand your business operations in 2010, take a good hard look at Arizona while you are here.

I think what you'll find is that we have all of the beauty and grandeur of a state like Montana – but without all the ice scrapers.

And ... our climate scientists are now predicting cooling in the evening and warming in the morning, so we will have the best of both worlds.

In all seriousness, I'm especially pleased that the Business Summit of the West is being held here in Arizona.

Our state is poised for robust growth and job creation in 2010 and beyond.

But I also see Arizona helping to lead the West in a robust economic revival that is long overdue.

Arizona is home to some of the world's top technology innovators in clean energy, manufacturing, health care, transportation, small business – the list goes on and on.

Their innovation – combined with the right public policies – can and will lead to a new job creation boom across our state and across the nation.

I want you all to know that I intend for Arizona to lead the West – and the nation – back to economic prosperity.

And we can show the world how to grow our economy and shrink our environmental footprint at the same time.

Let me elaborate on this a bit.

As many of you probably know, Governors – just like everyone else -- have pet projects.

When I'm home, in the backyard, my pet projects are my plants and flowers, and birds.

When I'm in the office, it's jobs.

Job creation is the path out of our economic downturn in Arizona, and I intend to lead the way.

Already, Arizona has a rapidly emerging national leadership role in climate friendly technologies.

But, the creation of good jobs – green jobs and jobs across the spectrum – requires a commitment to long-term planning, and the ability to sustain a vibrant economy. As Governor, I am committed to doing just that, putting into place the right path stones so that those who follow after us, will know the right way, and that right way will have been made much easier for them.

It is, really, a vision for Arizona's Second Century.

Since before statehood, Arizona has provided leadership in fostering solar energy research, development, manufacturing, and deployment.

This expertise continues today as we move into our Second Century.

It is experience and knowledge that will benefit the people and the economy of Arizona, as well as the nation and the world.

I am committed to making Arizona the Solar Capital of the World.

We are on our way toward that goal with a combination of regulatory and tax reforms.

We are re-thinking areas of our tax structure that unduly burden our employers, particularly those who require large capital investments, such as manufacturing.

We are examining how we treat them in property taxes – in business personal property taxes -- and in capital gains taxes.

While I will have a lot more to say about tax policy to spur job creation next week in my State of the State address, I wanted to give you a brief preview today.

First, I will continue my call for a phased-in reduction in Arizona's corporate income tax rate to make it more competitive with our neighboring Western states. And second, I will be laying down the principles for additional tax incentives for job creation in our State.

Government must move aside, and let the creators of jobs and wealth, energize the market place.

That includes the hidden taxes of regulation.

This morning I am announcing the use of a significant portion of my remaining stimulus funds directly on bringing new jobs to Arizona.

I am devoting \$10 million in one-time federal stimulus funds so our employees will be "work-force-ready" – the primary job training solution and what we need most to close the deals for business in Arizona, particularly in this new energy sector.

My first act as Governor included issuing a directive freezing all new agency rules and rulemaking, because we do not need new and burdensome regulations that only serve to strangle businesses and add needless costs and frustrations to people who are simply trying to make an honest living, or get into business for the very first time.

We cannot quash the next generation of entrepreneurs with petty rules and fines.

We must be sure we cut through the "green" tape as well as the red tape.

I can tell you how we are NOT going to do it.

We are NOT going to do it the California way, where, just recently, it was reported that visual impact and infrastructure regulations threaten construction of solar plants and wind farms planned for the region near the border of California and Nevada – those designed to generate electricity without carbon dioxide emissions.

In contrast, in Arizona, we are firing on all cylinders – distribution, line-siting, regulatory and tax reform – to ATTRACT renewable energy industries. We like them. We want them. We are prepared for them.

Memo to California solar industries: Arizona's door is open, we'll leave the light on for you.

With the start of the new year, Arizona has a new resource to advance its solar platform and reach into the area of renewable energy -- The Arizona Renewable Energy Tax Incentive Program.

Business leaders across the state rallied in support of this legislation last session.

I signed it into law last June.

This program will stimulate new investments in manufacturing and headquarter operations of renewable energy companies including solar, wind, geothermal, and other renewable technologies.

The formula is simple.

If you create quality jobs for Arizonans – the program offers two key benefits -- State income tax credit of up to 10 percent of the value of the investment, and, if the capital investment is over \$25 million, then the renewable energy company is eligible for an approximate 77 percent reduction of the state property tax on both real and personal property for 10 to 15 years.

Already, one of the world's largest solar cell manufacturers has announced it will locate in the Phoenix-metro area and create jobs for Arizonans.

China-based Suntech Power Holdings is a multi-billion dollar corporation that makes photovoltaic solar cells and solar electric systems. Suntech is the first Chinese clean technology leader to bring manufacturing jobs to America.

In explaining why it chose the Metro Phoenix area, Suntech cited QUOTE “Arizona's leadership in research through Arizona State University, and statewide renewable energy policies, particularly its Renewable Energy Standard and distributed generation set-aside, as well as a supportive local business climate.”

It will potentially be the first company eligible under the new Renewable Energy Tax Incentive Program.

I assure you it will not be that last one.

In recent weeks, I have met with several renewable energy companies interested in coming to Arizona.

In addition to our new solar energy businesses, I want to recognize First Solar's presence and leadership in Arizona. First Solar has its headquarters in the Metro Phoenix area. First Solar is one of the world's largest solar module makers and the first U.S. solar power company to join the flagship S&P 500 stock index.

I am committed to establishing Arizona as a leader in the renewable energy sector.

I am serious about creating quality, stable jobs that will help advance and diversify our state's economy.

Here's a recipe you'll only find in Arizona:

Take 300+ days of sunshine.

Add one of the fastest growing states in terms of population.

Stir in a large skilled workforce.

Add low payroll taxes.

Pour in a strategic location with the recently passed Renewable Energy Incentive Program.

Mix it all together ... and let it all rise ... and you get Arizona: arguably now the premier place in the United States to establish a business in the renewable arena.

Arizona's solar resource has the potential to provide enormous opportunity for economic growth.

It also has the potential to help Arizona become more energy independent.

While the Renewable Energy Incentive Program provides cash and tax incentives for virtually all non-generation companies in the renewable space, I want to see an incentive program targeted for renewable energy power generators.

Our Renewable Energy Standards require regulated utilities to generate 15% of their energy from renewable resources by 2025.

While these rules do not have a dedicated solar set-aside, they do have a specific set-aside for distributed generation.

The Standards allow utilities to use solar, wind, biomass, biogas, geothermal and other similar technologies to generate “clean” energy to power Arizona’s future.

The rules package outlines what technologies qualify and allow for new and emerging technologies to be added as they become feasible. I am leading efforts to ensure that Arizona’s \$129-million in energy funds through the American Recovery and Reinvestment Act reap incredible benefit in the State.

We have launched a public buildings solar initiative with a goal to procure and deploy one megawatt of new solar installations on our state’s public buildings in early 2010.

Arizona is also establishing a grant program to demonstrate commercially viable renewable energy and energy efficient products manufactured in Arizona.

An Energy Fund targets businesses wishing to retool or expand to meet the needs of the increasing renewable energy industry. These businesses can be in the supply chain as well as those developing the end product.

Arizona will grow green jobs and demonstrate the usefulness of renewable energies, like solar and wind, in diversifying and strengthening our state economy.

As a package, these incentives allow Arizona to compete globally, be more aggressive in attracting foreign direct investment, and secure quality jobs for Arizonans.

With a greater focus on renewable energy innovation, solar installation, and energy efficiency, Arizona will continue to lead the nation in the development and implementation of products that move the State of Arizona – and our country -- toward energy independence.

So today, I am announcing 3 new executive orders focused on renewable energy and climate change.

Executive Order No. 1

First, I am issuing an Executive Order creating the Governor's Solar Energy Advisory Task Force.

This group of 15 will evaluate incentives provided to solar energy producers and recommend their continuation, elimination, improvement and/or expansion.

They will identify impediments which have halted solar energy projects and have limited the distribution of solar and they will propose reforms to the public process and tax structures that advance the development of solar energy.

The Task Force will also advise me on any solar energy matters that it deems worthy. The Task Force will submit its written findings and recommendations about issues requiring legislative enactment to me.

Executive Order No. 2

Second, I am also issuing an Executive Order, directing that the Arizona Commerce Department, the Arizona State Land Department, and our three State Universities – along with the cooperation of the Arizona Bureau of Land Management and the Arizona Corporation Commission and non-profit associations with an expertise in advancing renewable energy development -- convene to frame the issues in renewable energy generation projects.

There should be:

- Improved tribal, university and agency communication and coordination,
- Timeline coordination and prioritization amongst the agencies,
- Framing of issues related to the successful deployment of renewable energy projects,
- And, the convening of a town-hall type meeting to discuss and develop strategies for increasing the success of renewable energy projects.

Executive Order No. 3

And third, I will be issuing an Executive Order governing Arizona's continued participation in the Western Climate Initiative and establishing a group to advise me on the WCI and federal climate change legislation.

I want to ensure that Arizona's unique perspective will be advanced and considered by the members of the WCI as they work to develop the Initiative and in any federal legislation.

While some have advised me to drop out of the WCI, I believe that if you are not at the table, you are on the menu!

Nuclear

Let there be no doubt; let there be no mistake, let there be no mischaracterization.

I am a strong advocate for the development of more nuclear energy in Arizona.

I have supported the Department of Environmental Quality when it issued controversial permits to a uranium mining company in northern Arizona and strongly objected to a proposal by the U.S. Bureau of Land Management to withdraw uranium mining claims on federal land in northern Arizona.

We have participated in meetings hosted by legislative leaders hoping to introduce legislation to create energy parks with a focus on nuclear power plants.

While we need to develop plans for the development of alternative sources of power for the Central Arizona Project, continued repayment of the Central Arizona Project, and ways to continue the employment and income generated from coal royalties on the Navajo and Hopi Reservations, nuclear power is at the cornerstone of our clean energy future.

Why nuclear?

Because nuclear power is clean-air energy.

It is the best source of power generation that does not produce greenhouse gas emissions. Nuclear is available 24-hours-a-day, seven days a week.

Nuclear's production costs are stable and are not subject to extreme market fluctuations as are natural gas and oil.

Each year, the average nuclear plant generates approximately \$430 million in sales of goods and services in the local community and nearly \$40 million in total labor income.

And every nuclear plant provides annual state and local tax revenue of almost \$20 million to benefit schools, roads, and other state and local infrastructure. Each nuclear plant also pays roughly \$75 million in federal taxes each year.

Need I say more?

A new nuclear plant has not been ordered in the U.S. since 1979. Yet, U.S. nuclear operators have been successful in improving safety and efficiency at the nation's existing nuclear facilities.

So, I do not for a moment shy from what nuclear energy offers Arizona's future.

COAL

But, let's be honest with each other.

We all know -- as much as we love solar and nuclear energy -- we are still going to be using coal. According to U.S. government projections, world coal use could increase nearly 50% by 2030. Because of that, we do need to be aware of its environmental consequences as we pursue clean coal technologies.

But, it is also important that federal regulations do not hamper our ability to ensure the infrastructure we need.

We simply cannot allow excessive federal regulations to shut down our vital near-term supplies even as we forge a new path to our Second Century with viable alternative energy sources.

We cannot allow the federal government to make an orphan of common sense and our ability to make cost-benefit decisions based upon what is right and appropriate for Arizona and her future.

At this very moment, new federal rules under consideration by the EPA, threaten to close the Navajo Generating Station in northern Arizona, subsequently impacting jobs and water costs for businesses, governments, and citizens throughout Arizona.

Federal rules like these -- those that do not even consider economic consequences -- only serve to defeat the very purpose for which the federal stimulus programs were proposed -- in other words, they mindlessly threaten to eliminate important Arizona jobs.

In addition to the costly ramifications across Arizona, the proposed federal rules would have a particularly pernicious impact on the Hopi Tribe and the Navajo Nation. Almost 80% of the 545 NGS full-time employees are Navajo, and the Kayenta Mine that provides coal to NGS employs another 422 tribal members. The revenue received by the Hopi Tribe from coal sales account for the bulk of the Tribe's funds for governmental operations.

Frankly, we don't need the federal government telling the Grand Canyon State how to protect ... the Grand Canyon.

Today, I challenge the Western Business Roundtable members to work with me to develop an innovative clean coal solution for the Navajo Generating Station. I

believe this is a unique opportunity because any such solution will have the support of the Native Americans and the State of Arizona.

So, there you have it.

With common sense and prudence, let's assess – and pursue -- all of our options with regard to clean energy, utilizing the Arizona skills -- and a unique Arizona recipe -- for developing our future into the Second Century.

You will have no greater advocates than Jan Brewer and her team at the Department of Commerce.

You've seen what we've done in just one year. And, we've only just begun.

Thank you.